

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA

In re

PLEASURE COVE RESORT ASSET
MANAGEMENT GROUP, LLC,

Debtor(s).

No. 05-14070

PLEASURE COVE RESORT ASSET
MANAGEMENT GROUP, LLC,

Plaintiff(s),

v.

A.P. No. 06-1046

UNITED STATES OF AMERICA, et al.,

Defendant(s).

Memorandum on Motion to Dismiss

Prior to its Chapter 11 filing, debtor and plaintiff Pleasure Cove Resort Asset Management Group, LLC, operated a resort on Lake Berryessa on land owned by the United States and administered by the Bureau of Reclamation of the Department of the Interior. The concession agreement between the debtor and the Bureau of Reclamation required the debtor to post a \$750,000.00 performance bond to assure removal of improvements at the end of the agreement's term. When the debtor failed to post the bond, the Bureau seized the resort.

1 Before it filed its Chapter 11 petition, the debtor filed an administrative appeal to the
2 Department of the Interior Office of Hearings and Appeals seeking to obtain either its resort or
3 compensation for its seizure. It then filed its bankruptcy petition and commenced this adversary
4 proceeding seeking in essence the same relief. The Bureau of Reclamation has filed a motion to dismiss,
5 arguing the “doctrine of primary jurisdiction.”

6 The doctrine of primary jurisdiction has limited applicability in bankruptcy cases. While it is
7 usually better to leave specialized issues to specialized courts and administrative bodies, the demands of
8 a particular case can easily outweigh the desire to have a dispute resolved in the ordinary manner
9 outside of bankruptcy court. Survival of a debtor often depends on prompt adjudication of disputes
10 outside of the normal process. Adjudication by the bankruptcy court is often compelled by concerns
11 over the impact of a case on the local economy. For this reason, bankruptcy court jurisdiction is
12 exhaustive and permits the bankruptcy court to hear a wide variety of matters without requiring
13 exhaustion of administrative remedies and notwithstanding other statutory jurisdictional restrictions. See
14 *In re Town & Country Home Nursing Services, Inc.*, 112 B.R. 329, 334-35 (9th Cir.BAP 1990).

15 However, in this case the deed is done. The debtor is entirely out of business and has no
16 employees. Its Chapter 11 “plan” is merely to pursue litigation against the Bureau of Reclamation and
17 pay any recovery to its creditors. There is no compelling reason, or any reason at all, for this court to
18 become involved in the dispute. Contrary to the debtor’s arguments, there are no substantial bankruptcy
19 issues involved in the complaint. The original complaint contained no bankruptcy issues whatsoever,
20 and the amended complaint added only a brief claim that the seizure amounted to a fraudulent
21 conveyance. These issues can be handled as easily by the Court of Claims as this court, and justice will
22 be best served by allowing the normal claims process to go forward.

23 For the foregoing reasons, the court elects to abstain from hearing this adversary proceeding
24 pursuant to 28 U.S.C. § 1334(c)(1). Counsel for the Bureau shall submit a form of order dismissing this
25 adversary proceeding without prejudice.
26

1 Dated: July 10, 2006

2
3
4 Alan Jaroslovsky
U.S. Bankruptcy Judge
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26